

FREEMAN BUSINESS INFORMATION PLC
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2004



FREEMAN BUSINESS INFORMATION PLC

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FOR THE YEAR ENDED 31ST DECEMBER 2004

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FREEMAN BUSINESS INFORMATION PLC
COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2004

DIRECTORS:

P G Freeman
Mrs S B Forster

SECRETARY:

Mrs S B Forster

REGISTERED OFFICE:

5 Albany Courtyard
Piccadilly
London
W1V 9RB

REGISTERED NUMBER:

03705220

AUDITORS:

Ward Mackenzie
Accountants and Registered Auditors
Mackenzie House
Coach and Horses Passage
The Pantiles
Tunbridge Wells
Kent TN2 5NP

FREEMAN BUSINESS INFORMATION PLC.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2004

The directors present their report with the financial statements of the company for the year ended 31st December 2004.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property information publishers (printed and online).

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The company was established in 1999 to provide first class business information services in print and online. Its first product was 'Freeman's Guide to the Property Industry' in June 2000, which won the 2001 Champion Award from the Directory and Database Publishers Association for any reference source whether in print, online or on CD.

The company launched its UK property website late 2001 and has developed its range and functionality continuously ever since. The launch of the European property website is scheduled for April 2005. Both websites provide free-to-access news and property service provider listings together with substantial databases on companies and organisations available by subscription.

Freeman now publishes two hard copy publications annually: 'Property Service Providers' focusing on the UK property industry and 'European Property', covering 31 countries. Both titles are paid for by advertising and distributed on controlled circulation.

The company also receives royalty payments from Experian in respect of licensing of software, developed by Freeman, which integrates multiple data sources.

The directors are optimistic about the outlook for the company during 2005-6 as it ceases to focus solely on the UK property market and becomes recognised as a leading information source on other European markets

DIVIDENDS

No dividends will be distributed for the year ended 31st December 2004.

RESEARCH AND DEVELOPMENT

Expenditure on Research and Development is written off to the Profit and Loss account in the year in which it is incurred.

DIRECTORS

The directors during the year under review were:

P G Freeman
S B Forster

The beneficial interests of the directors holding office on 31st December 2004 in the issued share capital of the company were as follows:

	31.12.04	1.1.04
Ordinary £1 shares		
P G Freeman	1,534,476	1,374,454
S B Forster	-	-

FREEMAN BUSINESS INFORMATION PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2004

DIRECTORS

The directors during the year under review were:

P G Freeman
S B Forster

The beneficial interests of the directors holding office on 31st December 2004 in the issued share capital of the company were as follows:

	31.12.04	1.1.04
Ordinary £1 shares		
P G Freeman	1,534,476	1,374,454
S B Forster	-	-

P G Freeman's beneficial interest in the ordinary shares of the company includes the following interests of his immediate family.

	Interest at end of year	Interest at start of year
TC Freeman	90,000	90,000
MI Freeman	117,678	106,667
DJ Freeman	117,678	106,667

The company established an unapproved share options scheme for employees, which was adopted by the shareholders on 29 June 1999.

The options granted to directors to subscribe for £1 ordinary shares were as follows:

	Exercise Price £	At 31 December 2002 No.	Granted in period No.	Exercised in period No.	Cancelled/ lapsed in period No.	At 31 December 2003 No.
A Goldstone	1.50	10,000				10,000
A Goldstone	5.00	10,000				10,000
A Goldstone	10.00	10,000				10,000

During a prior period the company established an Enterprise Management Incentive Scheme. The options granted to directors to subscribe for £1 ordinary shares were as follows:

	Exercise Price £	At 31 December 2002 No.	Granted in period No.	Exercised in period No.	Lapsed in period No.	At 31 December 2003 No.
A Goldstone	1.25	30,000	-	-	-	30,000
A Goldstone	2.50	10,000	-	-	-	10,000
S Forster	1.50	10,000				10,000
S Forster	1.50	-	66,666	-	-	66,666
F Schneider	1.50	-	10,000	-	-	10,000

GROUP'S POLICY ON PAYMENT OF CREDITORS

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers provided that all trading terms have been complied with.

At 31 December 2004, the company had an average of 18 days (2003: 64 days) purchases outstanding in trade creditors.

FREEMAN BUSINESS INFORMATION PLC

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

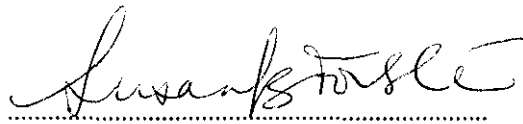
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Ward Mackenzie, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



Mrs S B Forster - Secretary

Date: 20th July 2005

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FREEMAN BUSINESS INFORMATION PLC

We have audited the financial statements of Freeman Business Information PLC for the year ended 31st December 2004 on pages six to nineteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page four the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31st December 2004 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ward Mackenzie
Accountants and Registered Auditors
Mackenzie House
Coach and Horses Passage
The Pantiles
Tunbridge Wells
Kent TN2 5NP

Date:20 July 2005.....

FREEMAN BUSINESS INFORMATION PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2004

	Notes	31.12.04 £	31.12.03 £
TURNOVER		795,846	1,257,526
Cost of sales		<u>76,336</u>	<u>98,500</u>
GROSS PROFIT		719,510	1,159,026
Administrative expenses		<u>1,069,662</u>	<u>1,412,278</u>
OPERATING LOSS	3	(350,152)	(253,252)
Interest receivable and similar income		<u>780</u>	<u>5,143</u>
		(349,372)	(248,109)
Interest payable and similar charges	4	<u>7,326</u>	<u>7,827</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(356,698)	(255,936)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(356,698)</u>	<u>(255,936)</u>
DEFICIT FOR THE YEAR FOR THE GROUP		<u>(356,698)</u>	<u>(255,936)</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

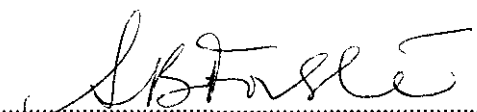
The group has no recognised gains or losses other than the losses for the current and previous years.

FREEMAN BUSINESS INFORMATION PLC

CONSOLIDATED BALANCE SHEET
31ST DECEMBER 2004

	Notes	31.12.04		31.12.03	
		£	£	£	£
FIXED ASSETS					
Intangible assets	7		-		112,719
Tangible assets	8		6,547		5,462
Investments	9		-		-
			<u>6,547</u>		<u>118,181</u>
CURRENT ASSETS					
Debtors	10	84,313		113,898	
Cash at bank and in hand		<u>54,084</u>		<u>148,149</u>	
		138,397		262,047	
CREDITORS					
Amounts falling due within one year	11	<u>301,622</u>		<u>420,241</u>	
NET CURRENT LIABILITIES			<u>(163,225)</u>		<u>(158,194)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(156,678)</u>		<u>(40,013)</u>
CAPITAL AND RESERVES					
Called up share capital	13	1,709,976		1,549,954	
Share premium	14	3,019,807		2,939,796	
Profit and loss account	14	<u>(4,886,461)</u>		<u>(4,529,763)</u>	
SHAREHOLDERS' FUNDS	17		<u>(156,678)</u>		<u>(40,013)</u>

ON BEHALF OF THE BOARD:



Mrs S B Forster - Director

Approved by the Board on

20 July 2005

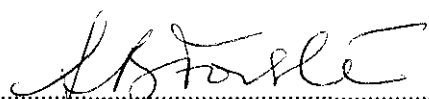
The notes form part of these financial statements

FREEMAN BUSINESS INFORMATION PLC

COMPANY BALANCE SHEET
31ST DECEMBER 2004

	Notes	31.12.04		31.12.03	
		£	£	£	£
FIXED ASSETS					
Intangible assets	7		-		112,719
Tangible assets	8		6,547		5,462
Investments	9		-		-
			<u>6,547</u>		<u>118,181</u>
CURRENT ASSETS					
Debtors	10	84,313		113,898	
Cash at bank and in hand		<u>54,084</u>		<u>148,149</u>	
			138,397		262,047
CREDITORS					
Amounts falling due within one year	11	<u>300,545</u>		<u>419,163</u>	
NET CURRENT LIABILITIES			<u>(162,148)</u>		<u>(157,116)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(155,601)</u>		<u>(38,935)</u>
CAPITAL AND RESERVES					
Called up share capital	13	1,709,976		1,549,954	
Share premium	14	3,019,807		2,939,796	
Profit and loss account	14	<u>(4,885,384)</u>		<u>(4,528,685)</u>	
SHAREHOLDERS' FUNDS	17		<u>(155,601)</u>		<u>(38,935)</u>

ON BEHALF OF THE BOARD:


.....

Mrs S B Forster - Director

Approved by the Board on 20th July 2005

The notes form part of these financial statements

FREEMAN BUSINESS INFORMATION PLC

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2004

	Notes	31.12.04 £	31.12.03 £
Net cash outflow from operating activities	1	(330,892)	(103,429)
Returns on investments and servicing of finance	2	774	4,616
Capital expenditure	2	<u>(3,980)</u>	<u>(5,700)</u>
		(334,098)	(104,513)
Financing	2	<u>240,033</u>	<u>-</u>
Decrease in cash in the period		<u>(94,065)</u>	<u>(104,513)</u>

**Reconciliation of net cash flow
to movement in net funds**

	3		
Decrease in cash in the period		<u>(94,065)</u>	<u>(104,513)</u>
Change in net funds resulting from cash flows		<u>(94,065)</u>	<u>(104,513)</u>
Movement in net funds in the period		(94,065)	(104,513)
Net funds at 1st January		<u>148,149</u>	<u>252,662</u>
Net funds at 31st December		<u>54,084</u>	<u>148,149</u>

The notes form part of these financial statements

FREEMAN BUSINESS INFORMATION PLC

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2004

1. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	31.12.04 £	31.12.03 £
Operating loss	(350,152)	(253,252)
Depreciation charges	115,614	177,919
Decrease in debtors	29,585	61,757
Decrease in creditors	<u>(125,939)</u>	<u>(89,853)</u>
Net cash outflow from operating activities	<u>(330,892)</u>	<u>(103,429)</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.12.04 £	31.12.03 £
Returns on investments and servicing of finance		
Interest received	780	5,143
Interest paid	<u>(6)</u>	<u>(527)</u>
Net cash inflow for returns on investments and servicing of finance	<u>774</u>	<u>4,616</u>
 Capital expenditure		
Purchase of tangible fixed assets	<u>(3,980)</u>	<u>(5,700)</u>
Net cash outflow for capital expenditure	<u>(3,980)</u>	<u>(5,700)</u>
 Financing		
Share issue	<u>240,033</u>	<u>-</u>
Net cash inflow from financing	<u>240,033</u>	<u>-</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.04 £	Cash flow £	At 31.12.04 £
Net cash:			
Cash at bank and in hand	<u>148,149</u>	<u>(94,065)</u>	<u>54,084</u>
	<u>148,149</u>	<u>(94,065)</u>	<u>54,084</u>
 Total	<u>148,149</u>	<u>(94,065)</u>	<u>54,084</u>

FREEMAN BUSINESS INFORMATION PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2004

1. **ACCOUNTING POLICIES**

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and of the subsidiary undertaking made up to 31 December 2004. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Turnover derived from advertising in publications but prior to their release, is deferred until the release date of the publication.

Web-site subscription revenues, which are generally paid in advance and are non-refundable, are recognised ratably over the term of the subscription agreement, which is typically twelve months.

All turnover is derived from sales made in the United Kingdom.

Intangible fixed assets and amortisation

Intangible fixed assets acquired as part of an acquisition are capitalised as part of their fair value where this can be measured reliably. Intellectual property purchased by the group is amortised to nil by equal annual instalments over its useful economic life, estimated at 3 years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- Straight line over 4 years
Computer equipment	- Straight line over 3 years

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The group operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

FREEMAN BUSINESS INFORMATION PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2004

1. ACCOUNTING POLICIES - continued

Employee share schemes

The cost of awards to employees that take the form of shares or rights to shares are recognised upon the granting of such options to employees where these vest immediately with no performance criteria. Where such criteria exists the cost is charged over the performance period based on an estimate of the extent to which the criteria will be met.

2. STAFF COSTS

	31.12.04	31.12.03
	£	£
Wages and salaries	496,113	656,398
Social security costs	53,385	70,740
Other pension costs	7,500	19,067
	<u>556,998</u>	<u>746,205</u>

The average monthly number of employees during the year was as follows:

	31.12.04	31.12.03
Sales and marketing	4	7
Administrative staff	3	3
Research and IT	10	10
	<u>17</u>	<u>20</u>

3. OPERATING LOSS

The operating loss is stated after charging:

	31.12.04	31.12.03
	£	£
Other operating leases	26,250	30,288
Depreciation - owned assets	2,895	44,586
Patents and licences amortisation	112,719	133,333
Auditors remuneration	5,100	6,136
Foreign exchange differences	26	-
	<u>147,980</u>	<u>214,343</u>
Directors' emoluments	75,000	240,733
Directors' pension contributions to money purchase schemes	7,500	19,067

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	-----------------	-----------------

FREEMAN BUSINESS INFORMATION PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2004

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.04	31.12.03
	£	£
Bank interest	6	-
Interest and penalties	-	527
Loan	<u>7,320</u>	<u>7,300</u>
	<u>7,326</u>	<u>7,827</u>

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31st December 2004 nor for the year ended 31st December 2003.

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.04	31.12.03
	£	£
Loss on ordinary activities before tax	<u>(356,698)</u>	<u>(255,936)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 - 30%)	(107,009)	(76,781)
Effects of:		
Expenses not deductible for tax purposes	3,299	3,829
Depreciation for period in excess of/(less than) capital allowances	25,875	41,512
Deferred tax asset not recognised for increase in tax losses	<u>77,835</u>	<u>31,440</u>
Current tax charge	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

In accordance with the guidelines set out in FRS19, the Company has not recognised a deferred tax asset of £1,323,074 (2003: £1,253,022). The deferred tax asset arises on tax losses for which the relief of the loss against future profits cannot be foreseen with reasonable certainty.

6. LOSS OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(356,698) (2003 - £(254,808)).

FREEMAN BUSINESS INFORMATION PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2004

7. INTANGIBLE FIXED ASSETS

Group	Intellectual Property £
COST	
At 1st January 2004 and 31st December 2004	<u>400,000</u>
AMORTISATION	
At 1st January 2004	287,281
Amortisation for year	<u>112,719</u>
At 31st December 2004	<u>400,000</u>
NET BOOK VALUE	
At 31st December 2004	<u>-</u>
At 31st December 2003	<u>112,719</u>
 Company	
	Intellectual Property £
COST	
At 1st January 2004 and 31st December 2004	<u>400,000</u>
AMORTISATION	
At 1st January 2004	287,281
Amortisation for year	<u>112,719</u>
At 31st December 2004	<u>400,000</u>
NET BOOK VALUE	
At 31st December 2004	<u>-</u>
At 31st December 2003	<u>112,719</u>

FREEMAN BUSINESS INFORMATION PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2004

8. TANGIBLE FIXED ASSETS

Group	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1st January 2004	31,111	221,264	252,375
Additions	<u>3,980</u>	<u>-</u>	<u>3,980</u>
At 31st December 2004	<u>35,091</u>	<u>221,264</u>	<u>256,355</u>
DEPRECIATION			
At 1st January 2004	31,111	215,802	246,913
Charge for year	<u>995</u>	<u>1,900</u>	<u>2,895</u>
At 31st December 2004	<u>32,106</u>	<u>217,702</u>	<u>249,808</u>
NET BOOK VALUE			
At 31st December 2004	<u>2,985</u>	<u>3,562</u>	<u>6,547</u>
At 31st December 2003	<u>-</u>	<u>5,462</u>	<u>5,462</u>
 Company			
	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1st January 2004	31,111	221,264	252,375
Additions	<u>3,980</u>	<u>-</u>	<u>3,980</u>
At 31st December 2004	<u>35,091</u>	<u>221,264</u>	<u>256,355</u>
DEPRECIATION			
At 1st January 2004	31,111	215,802	246,913
Charge for year	<u>995</u>	<u>1,900</u>	<u>2,895</u>
At 31st December 2004	<u>32,106</u>	<u>217,702</u>	<u>249,808</u>
NET BOOK VALUE			
At 31st December 2004	<u>2,985</u>	<u>3,562</u>	<u>6,547</u>
At 31st December 2003	<u>-</u>	<u>5,462</u>	<u>5,462</u>

FREEMAN BUSINESS INFORMATION PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2004

9. FIXED ASSET INVESTMENTS

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiary

Property Databank 2000 Limited

Nature of business: Dormant status

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.12.04	31.12.03
		£	£
Aggregate capital and reserves		(1,077)	(1,077)
Loss for the year		<u>-</u>	<u>(1,129)</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.04	31.12.03	31.12.04	31.12.03
	£	£	£	£
Trade debtors	65,224	71,404	65,224	71,404
Prepayments and accrued income	<u>19,089</u>	<u>42,494</u>	<u>19,089</u>	<u>42,494</u>
	<u>84,313</u>	<u>113,898</u>	<u>84,313</u>	<u>113,898</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.04	31.12.03	31.12.04	31.12.03
	£	£	£	£
Trade creditors	23,067	40,317	23,067	40,317
Social security and other taxes	19,515	17,704	18,439	16,628
Other creditors	10,141	21,099	10,141	21,099
Directors' loan accounts	100,000	100,000	100,000	100,000
Accruals and deferred income	<u>148,899</u>	<u>241,121</u>	<u>148,898</u>	<u>241,119</u>
	<u>301,622</u>	<u>420,241</u>	<u>300,545</u>	<u>419,163</u>

FREEMAN BUSINESS INFORMATION PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2004

12. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

Company

	Land and buildings	
	31.12.04	31.12.03
	£	£
Expiring:		
Within one year	-	32,500
Between one and five years	<u>45,000</u>	<u>-</u>
	<u>45,000</u>	<u>32,500</u>

13. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.12.04	31.12.03
			£	£
2,000,000	Ordinary	£1	<u>2,000,000</u>	<u>2,000,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.04	31.12.03
			£	£
1,709,976	Ordinary	£1	<u>1,709,976</u>	<u>1,549,954</u>
(31.12.03 - 1,549,954)				

The following fully paid shares were allotted during the year at a premium as shown below:

160,022 Ordinary shares of £1 each at 50p per share

FREEMAN BUSINESS INFORMATION PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2004

14. RESERVES

Group

	Profit and loss account £	Share premium £	Totals £
At 1st January 2004	(4,529,763)	2,939,796	(1,589,967)
Deficit for the year	(356,698)	-	(356,698)
Cash share issue	-	80,011	80,011
At 31st December 2004	<u>(4,886,461)</u>	<u>3,019,807</u>	<u>(1,866,654)</u>

Company

	Profit and loss account £	Share premium £	Totals £
At 1st January 2004	(4,528,685)	2,939,796	(1,588,889)
Deficit for the year	(356,699)	-	(356,699)
Cash share issue	-	80,011	80,011
At 31st December 2004	<u>(4,885,384)</u>	<u>3,019,807</u>	<u>(1,865,577)</u>

15. RELATED PARTY DISCLOSURES

Peter Freeman, a director, has lent the company £100,000, which was outstanding at the start and end of the year. At the year end, interest of £35,030 (2003: £27,710) had accrued on the loan, £7,320 (2003: £7,300) accruing in the year. The interest is payable upon the repayment of the loan.

During the year £Nil (2003: £400) was payable to J Forster in respect of consultancy services. J Forster is the husband of S Forster, a director of the company.

16. ULTIMATE CONTROLLING PARTY

The company is controlled by P G Freeman, a director of the company, by virtue of his majority shareholding.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	31.12.04 £	31.12.03 £
Loss for the financial year	(356,698)	(255,936)
New share capital introduced	160,022	-
Share premium on new share capital	80,011	-
Net reduction of shareholders' funds	(116,665)	(255,936)
Opening shareholders' funds	<u>(40,013)</u>	<u>215,923</u>
Closing shareholders' funds	<u>(156,678)</u>	<u>(40,013)</u>
Equity interests	<u>(156,678)</u>	<u>(40,013)</u>

FREEMAN BUSINESS INFORMATION PLC

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2004

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	31.12.04	31.12.03
	£	£
Loss for the financial year	(356,699)	(254,808)
New share capital introduced	160,022	-
Share premium on new share capital	<u>80,011</u>	<u>-</u>
Net reduction of shareholders' funds	(116,666)	(254,808)
Opening shareholders' funds	<u>(38,935)</u>	<u>215,873</u>
Closing shareholders' funds	<u>(155,601)</u>	<u>(38,935)</u>
 Equity interests	 <u>(155,601)</u>	 <u>(38,935)</u>

18. CONTINGENT ASSETS

A contingent asset exists in the form of probable future income in relation to additional consideration receivable from the sale of Integer software and services.

Additional consideration is capped at £1,500,000. Income from this source in the twelve months to 31 December 2004 is estimated at £50,000.

19. GOING CONCERN

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The group is dependant for its working capital on funds provided to it by Peter Freeman. Peter Freeman has provided the group with an undertaking that, for at least twelve months from the date of approval of these financial statements, he will continue to make available such funds as are needed by the group and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. The directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.